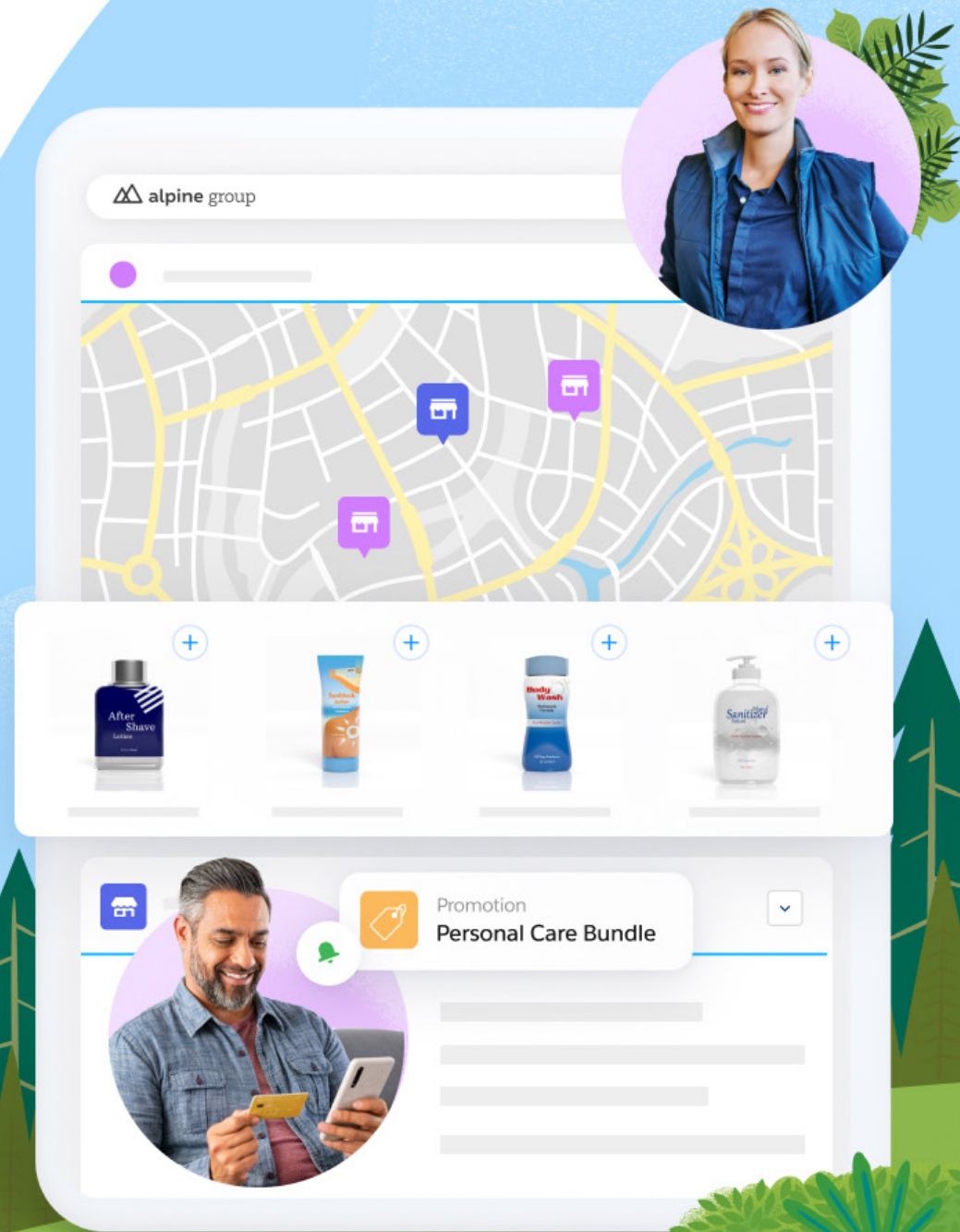


salesforce

Consumer Goods Industry Insights Report

Insights and trends from 1,500 industry decision makers worldwide



What You'll Find in This Report

Salesforce surveyed 1,500 global decision makers in the consumer goods industry to discover how organizations are:

- Driving efficient growth
- Capturing the attention of savvy, digital-first consumers
- Identifying and capitalizing on new opportunities

Data in this report is from a double-anonymous survey conducted from February 16 through March 9, 2023. The survey generated 1,500 responses from a range of consumer goods decision makers across North America, Asia-Pacific, and Europe. All respondents are third-party panelists. See page 37 for further survey demographics.

Due to rounding, not all percentage totals in this report equal 100%. Comparison calculations are made from total numbers (not rounded numbers).



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Executive Summary

What's occupying the minds of consumer goods (CG) leaders as they navigate an uncertain economy? How to achieve profitable growth as they try to do more with less.

To do this, decision makers are operationalizing insights from their wealth of retailer and consumer data. However, although the opportunities to boost efficiency and build brand relevance are immense, so are the challenges.

Why? Increasing amounts of data and more information sources are adding complexity to an already complicated process. And as companies are discovering, putting that data to work is easier said than done.

01

Efficient Growth Is the Name of the Game

As higher costs and price-sensitive consumers pressure profits, companies are focused on increasing margins. **Ninety percent of CG respondents expect profitable growth over the next 24 months.**

02

Digital Engagement Is a Top Priority

Companies are building connections with consumers by investing in digital marketing, service, and direct-to-consumer selling. **CG Companies plan to invest in social media more than any other marketing channel.**

03

Data Fuels Increasing Complexity and Opportunity

Companies are good at collecting data, but putting it into action is another matter. **CG marketers collect data from an estimated average of 18 sources – up from 10 in 2021.**



Introduction

Higher raw materials and supply chain costs, alongside fast-changing consumer behaviors, are pressuring margins across the consumer goods industry. Yet decision makers aren't letting these challenges affect their future outlook: **90% of consumer goods decision makers expect profitable growth over the next 24 months.**

How can decision makers maintain their confidence in the face of uncertain macroeconomic conditions? Survey respondents see clear opportunities to win wallet share with product innovation, digital marketing strategies, and direct-to-consumer selling.

Supply Chain Issues Persist

Top Five Industry Challenges

- 1 Supply chain difficulties
- 2 Increased competition
- 3 Raw material costs
- 4 Labor costs
- 5 Changing customer expectations/behaviors

Product Innovation Seen as Key to Growth

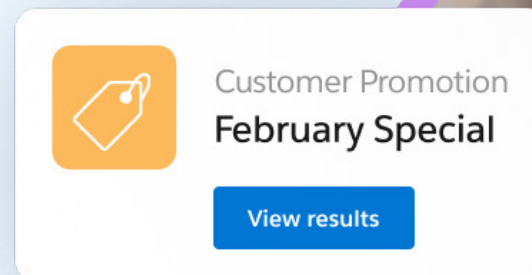
Top Five Industry Opportunities

- 1 Product innovation
- 2 Shift to digital marketing
- 3 Selling directly to consumers
- 4 Brand expansion into new product categories
- 5 Improving merchandising and promotion strategy at brick-and-mortar stores



1

Efficient Growth Is the Name of the Game



01

Merchandising and Promotions Are Key Growth Opportunities

For CG companies, driving efficient growth starts with optimizing retail execution. Yet despite collectively spending billions to fulfill their carefully planned merchandising and promotion strategies, brands often fail to achieve their stated objectives.

Many respondents acknowledge there's room for improvement: More than one in three (36%) say improving merchandising and promotion execution at brick-and-mortar stores is among their biggest opportunities.

38% of in-store product and marketing initiatives aren't carried out as intended.

Many Companies See Opportunities for Better In-Store Execution

26%

of consumer goods decision makers view optimizing trade promotion spend as a key opportunity.

36%

of consumer goods decision makers view improved brick-and-mortar merchandising and promotion as a key opportunity.



01

Large Companies Focus on Promotion Effectiveness

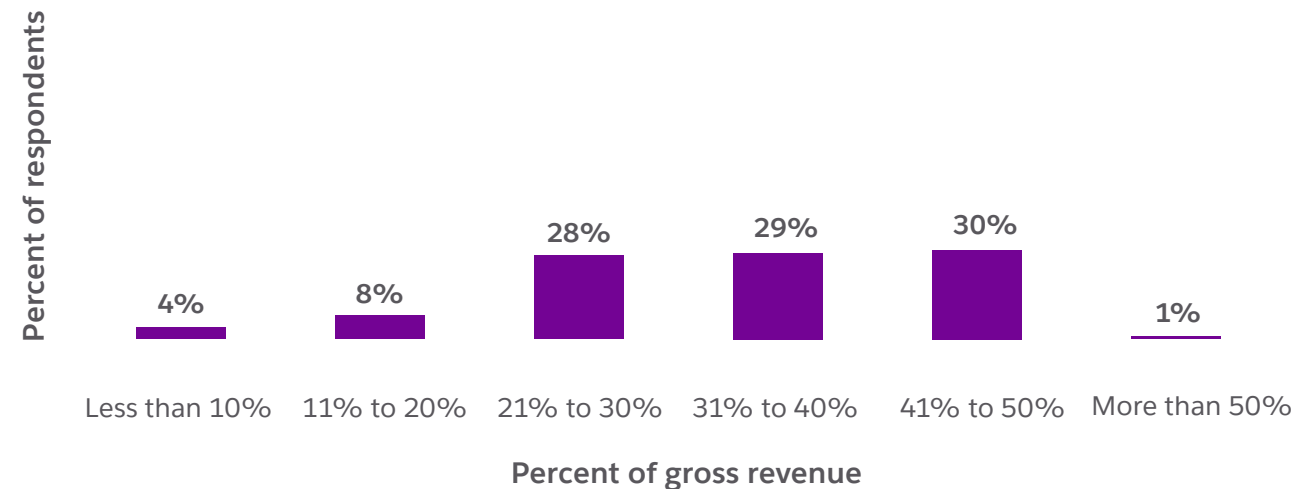
Trade spend constitutes a significant portion of a CG company's income statement. That coincides with most respondents spending roughly a third or more of revenue on promotions. Unfortunately, less than half of respondents (46%) are fully satisfied with their promotions' returns.

Only 36% of CG companies report high adoption of trade promotion software.

Many companies haven't fully embraced tools that will help them optimize trade spend effectiveness. The exception? Companies with annual revenue over \$500 million that spend a higher percentage of income on promotions.

A Significant Portion of Revenue Goes to Trade Promotion

Estimated % of Gross Revenue Spent on Trade Promotion



Base: Respondents in executive management, corporate strategy, sales and account management, field sales, trade marketing, and operations roles



Retail Execution Remains in Sharp Focus

Even the best-planned merchandising strategy won't work if a CG brand can't get its products to retailers at the right time and price. So, with persistent supply chain challenges threatening consumer satisfaction – and pushing them into the arms of waiting competitors – it's not a surprise that respondents name out-of-stocks as the top retail execution challenge.

The good news is that although companies can't always manage concerns like material shortages or supply chain slowdowns, they are in the driver's seat when it comes to factors like display compliance and field rep productivity.

Out-of-Stocks Show Room for Improvement

Aspects of Retail Execution, Ranked from Highest to Lowest Level of Satisfaction

- 1 Introducing new products
- 2 Field sales representative productivity
- 3 Merchandising and marketing in-store compliance
- 4 Taking action on analytics (*e.g., from product assortment, promotions*)
- 5 Out-of-stock status

Base: Respondents in executive management, corporate strategy, sales and account management, field sales, trade marketing, and operations roles whose companies sell in stores



B2B Buyers Seek Consistent Omni-Channel Experiences

For B2B buyers and sellers, digital commerce is rising rapidly in importance. The challenge? Buyers want consistent interactions that resemble what they already get as consumers, but many CG companies aren't ready to deliver consumer-grade commerce experiences. The result is that expectations for seamless support often go unmet: While 90% of business buyers agree that they expect consistent interactions across departments, such as sales and customer service, 62% agree that they are generally communicating with separate departments, not one company.*

Part of that challenge is synchronizing communications between B2B buyers and sellers who work in competing time zones. However, when live conversations with sales teams do occur, they have become more deliberate, with 87% of B2B buyers expecting sales reps to act as strategic advisors.*

* State of the Connected Customer, Fifth Edition, Salesforce, May 2022.

Online Sales Volume Appears Poised for Growth



of B2B commerce professionals say they sell through their website already.*

... But



of B2B commerce professionals expect buyers to place larger and more complex online orders in the next two years.*



01

Most CG Companies Are Still Planning Omni-Channel Sales and Service

Despite a clear need for omni-channel experiences, CG companies have been slow to embrace it: Only 4% of CG executives say their organizations have a fully realized omni-channel sales and service strategy.

However, respondents are aware of the value omni-channel service brings to their B2B relationships. Sixty-seven percent of respondents are strategizing (36%) or executing (31%) an

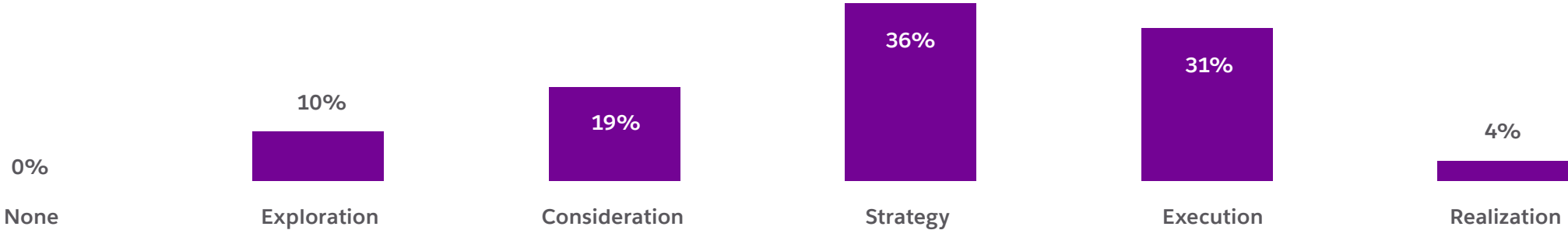
omni-channel sales and service strategy, with another 19% considering its viability.

88% of business buyers say they're more loyal to companies that provide consistent interactions across sales, service, and marketing.*

* State of the Connected Customer, Fifth Edition, Salesforce, May 2022.

Bulk of CG Companies in Planning Stages

Stage of Omni-channel Sales and Service Implementation



2

Digital Engagement Is a Top Priority



Digital Marketing Takes Center Stage

CG Companies Lean In to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Social media marketing
- 2 Digital ads (*e.g., display, search except for social media*)
- 3 Retailer's websites and apps
- 4 Video (*e.g., on social media, webinars, etc.*)
- 5 Events and sponsorships
tied with
Direct mail/print advertising

Base: Respondents in executive management, corporate strategy, consumer marketing, ecommerce, and customer service roles

Respondents recognize the economic value of meeting consumers where they spend their free time. They're heavily focused on social media, where 61% of consumers say they'll shop more during the next three years.* Hence, platforms like Instagram and TikTok will take the lion's share of marketing investments during the next two years.

77% of respondents expect to increase their marketing spend over the next two years.

CG companies are also capturing the attention of consumers in new marketing channels. Case in point: 93% of respondents plan to increase (54%) or maintain (39%) spending on fast-growing retail media networks that place ads on retailers' websites and apps.

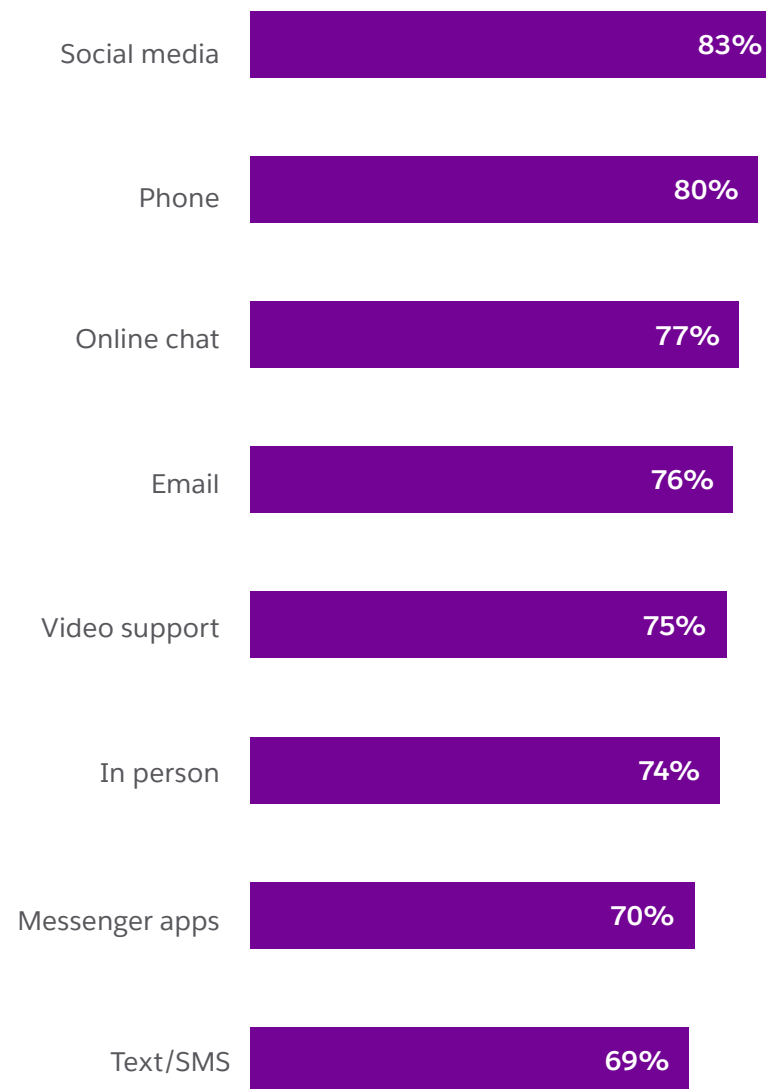
* State of the Connected Customer, Fifth Edition, Salesforce, May 2022.



Digital Service for Consumers Is the New Normal

CG Companies Adopt Digital Service Channels for Consumers

Customer Service Channels in Use Now



Base: Respondents in executive management, corporate strategy, consumer marketing, ecommerce, and customer service roles

Social media isn't just relevant for product discovery and purchase – it's also a key service channel. In fact, social media has eclipsed the telephone as the most frequently used service channel for CG companies, with 83% using it to engage consumers directly.

Other service options, like online chat, email, and video, are nearly as popular with CG companies as social media and voice. Yet CG companies would also do well to consider adding digital self-service: 59% of consumers prefer it for simple questions and issues, such as generating a return.*

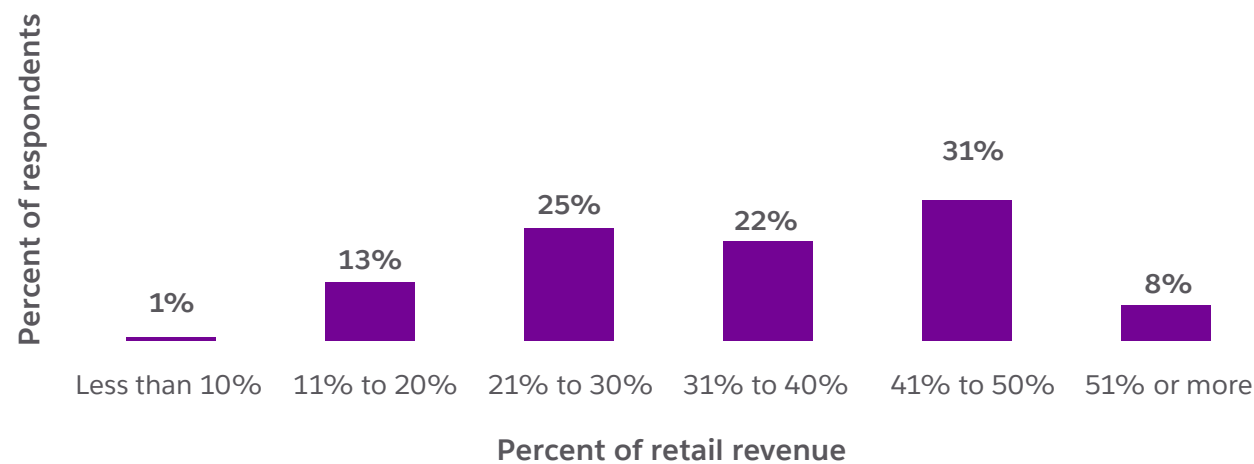
* State of the Connected Customer, Fifth Edition, Salesforce, May 2022.

02

Direct-to-Consumer Is an Important Sales Channel

Direct-to-consumer Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Base: Respondents at companies that have direct-to-consumer sales.

Direct-to-consumer (DTC) selling is nearly universal in CG, with 91% of respondents already selling DTC and another 8% planning to in the next 24 months.

The revenue is significant: For more than one in three CG companies that already do this, DTC accounts for at least 41% of revenue.

Consumers expect to buy direct and it's getting more popular: 64% of consumers say they buy direct from a brand, up from 49% in 2019.* Why? For most, it's because they trust the products will be authentic or of good quality, although consumers also cite uniqueness and sustainability as benefits.

* State of the Connected Customer, Fifth Edition, Salesforce, May 2022.

Direct-to-Consumer Is for More Than Selling

Direct-to-Consumer Appeals to Brands, But It's Not Without Hurdles

Top Reasons to Sell Directly to Consumers

- 1 Better understanding of consumer behavior
- 2 Better brand management/governance
- 3 Build direct relationships with consumers
- 4 Better control over pricing
- 5 An incremental revenue stream

Top Challenges to Selling Directly to Consumers

- 1 Consumer preference for shopping at retailers
- 2 Higher marketing costs
- 3 Expanded customer service capabilities
- 4 Lack of organizational knowledge on direct-to-consumer business model
- 5 Legacy technology

Base: Respondents in executive management, corporate strategy, consumer marketing, ecommerce, and customer service roles

In an increasingly competitive marketplace, DTC selling enables CG companies to learn about consumer behaviors, gain more control over their brands, and strengthen relationships with consumers.

With DTC selling, companies can maintain control of their marketing and pricing. They also gain firsthand knowledge of which products customers buy – and which they don't – which is information they might otherwise have to buy.

Still, hurdles persist. Although the most-cited challenge is a consumer preference for shopping at a retailer, operational issues also loom large, as CG companies take on costs that would otherwise be shouldered by retailers.

Prices, Quality, and Service Keep Consumers Loyal

The effects of inflation are rippling across the industry. Respondents say price sensitivity is the top challenge to consumer loyalty, and consumers agree: 71% have switched brands in search of better deals.* But for CG companies, keeping consumers coming back for more is a multifaceted effort. Many factors affect loyalty, with respondents saying product quality and customer service are extremely important.

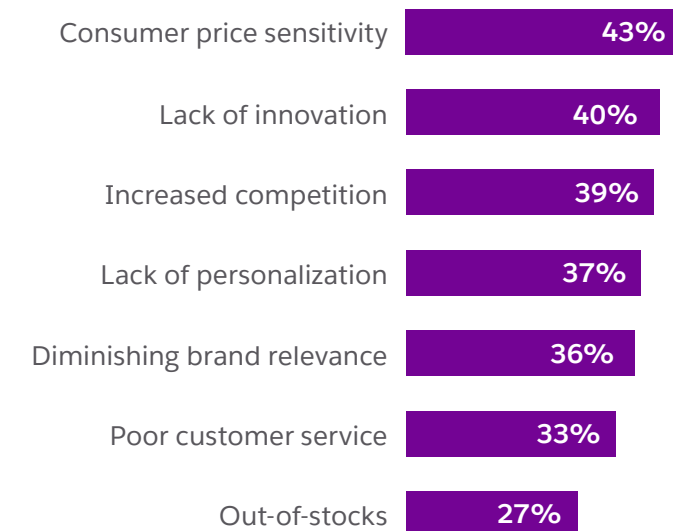
CG companies view product innovation and service experiences as having the most impact on consumer loyalty.

83% of respondents believe it's more difficult to maintain consumer loyalty now than ever before.

* State of the Connected Customer, Fifth Edition, Salesforce, May 2022.

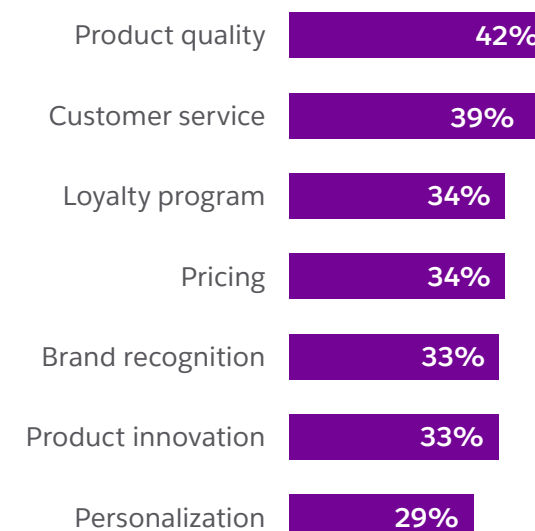
Inflation Hurts Consumer Loyalty

Ranking of Challenges to Fostering Consumer Loyalty



Product Quality Ensures Consumer Loyalty

Ranking of Top Drivers of Consumer Loyalty

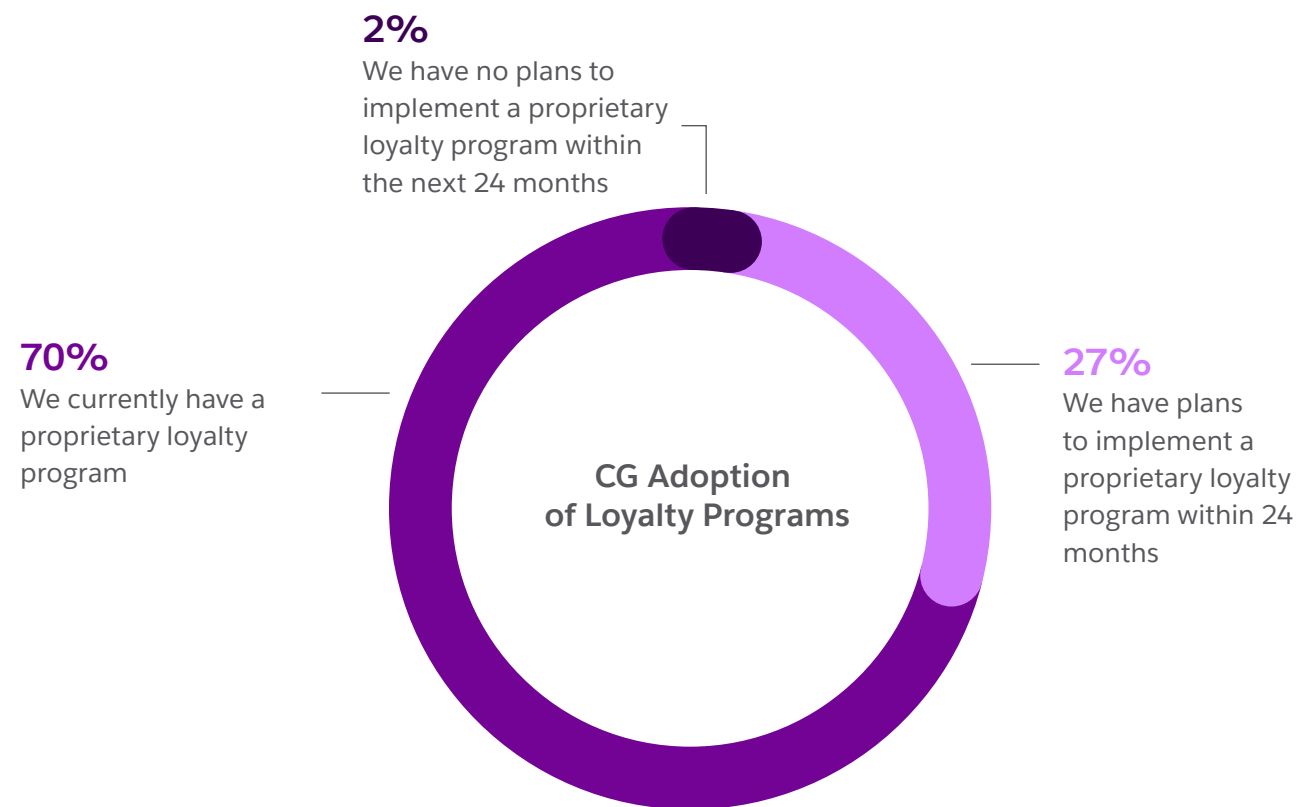


Base: Respondents in executive management, corporate strategy, consumer marketing, ecommerce, and customer service roles

02

Brands Embrace Loyalty Programs to Keep Consumers Shopping

Most CG Companies Operate Loyalty Programs



Base: Respondents in executive management, corporate strategy, consumer marketing, ecommerce, and customer service roles

CG companies believe in the power of loyalty programs and they're making investments to keep consumers shopping: 70% of CG companies say they have their own proprietary loyalty program.

56% of consumers are more likely to buy from a brand with a loyalty program.*

The challenge is that simply offering a loyalty program isn't enough. Making it easier for consumers to redeem rewards will help build brand love. However, 61% of consumers say they'd use loyalty programs more if companies automatically applied rewards to purchases.*

* State of the Connected Customer, Fifth Edition, Salesforce, May 2022.

3

Data Fuels Increasing Complexity and Opportunity



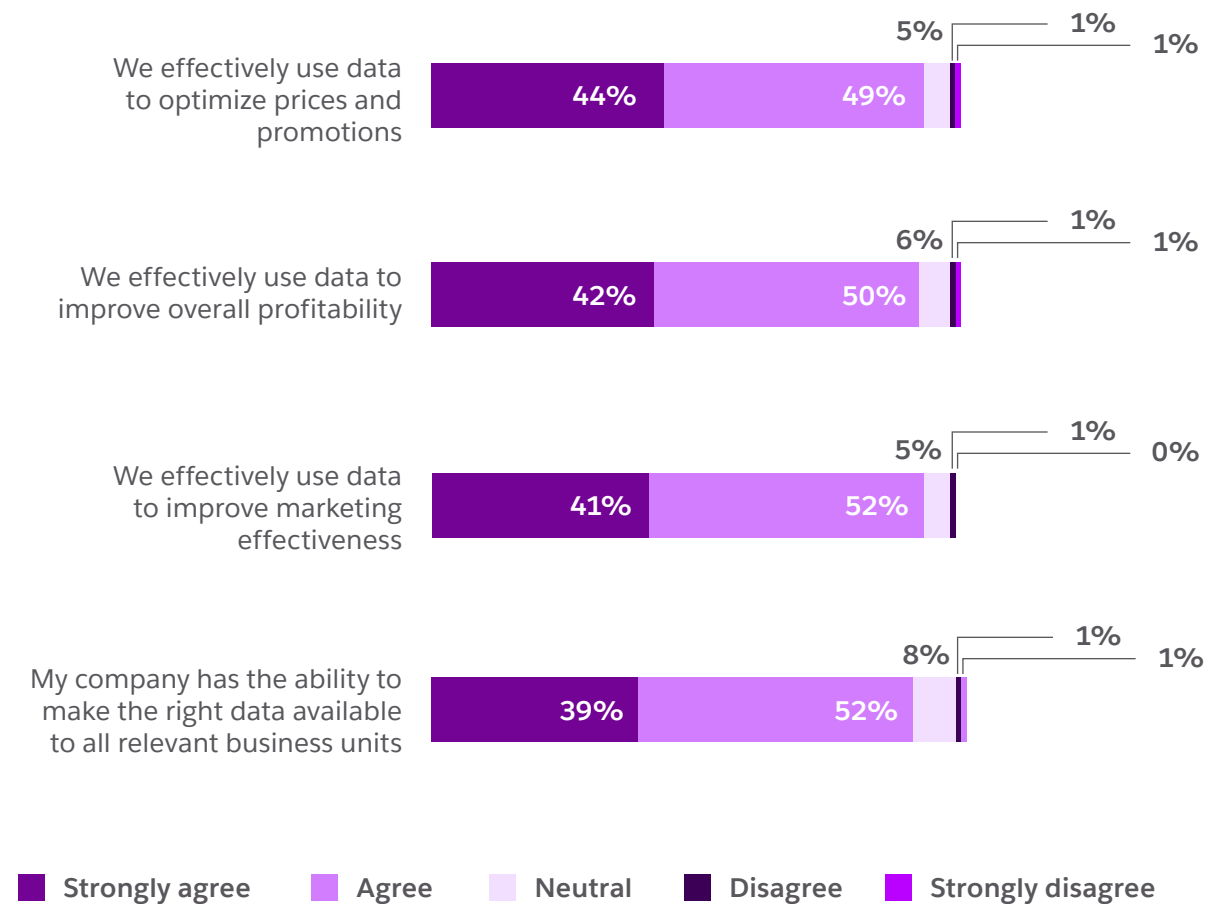
Operationalizing Data Is a Journey, Not a Destination

Changes to third-party cookie access is leading CG companies to entice consumers to share more of their own data. Hence, CG companies are engaging consumers on digital channels, selling DTC, and launching loyalty programs. These strategies aren't just about data collection, however. The insights they glean from these activities also enable CG companies to navigate shifting consumer preferences and demands. Here, brands believe they are on the right track: 92% of respondents say they effectively use data to improve overall profitability.

However, CG companies also recognize that operationalizing these insights is an ongoing process. As such, respondents name marketing pricing optimization, promotion return on investment, and retail execution as key opportunities.

CG Companies Feel Confident About Their Data Capabilities

Extent to Which Respondents Agree with the Following Statements



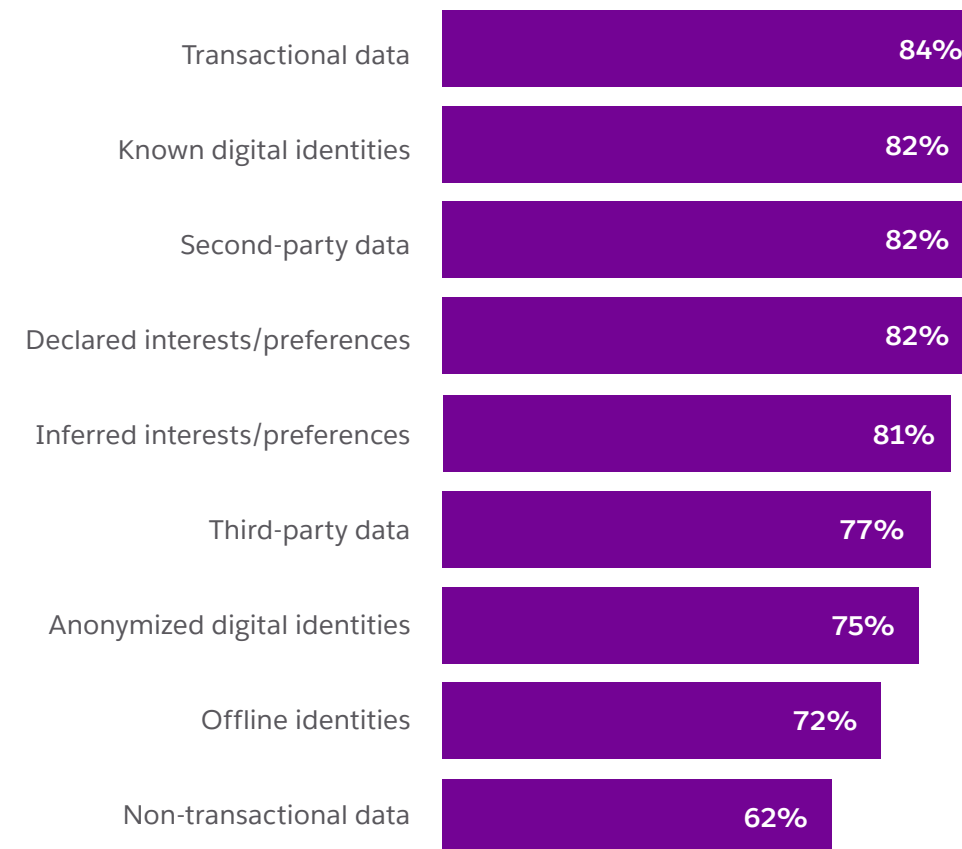
03

Data Quantity and Complexity Keep Growing

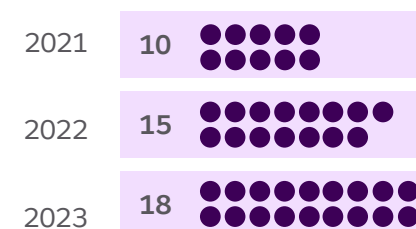
CG companies that can't operationalize their data are under intense pressure to improve or scale their analytics, especially as the quantity of data they gather grows. And although this adds complexity to ecosystems that are already complicated, it also raises the possibility that companies can uncover even more insights about emerging consumer preferences.

CG Marketers Have an Abundance of Data Sources

Data Sources Used in CG Marketing*



Median Estimated Number of Data Sources Used by Marketing Organizations at CG Companies*



* State of Marketing, Eighth Edition, Salesforce, November 2022.

03

CG Companies Raise the Bar on Personalization

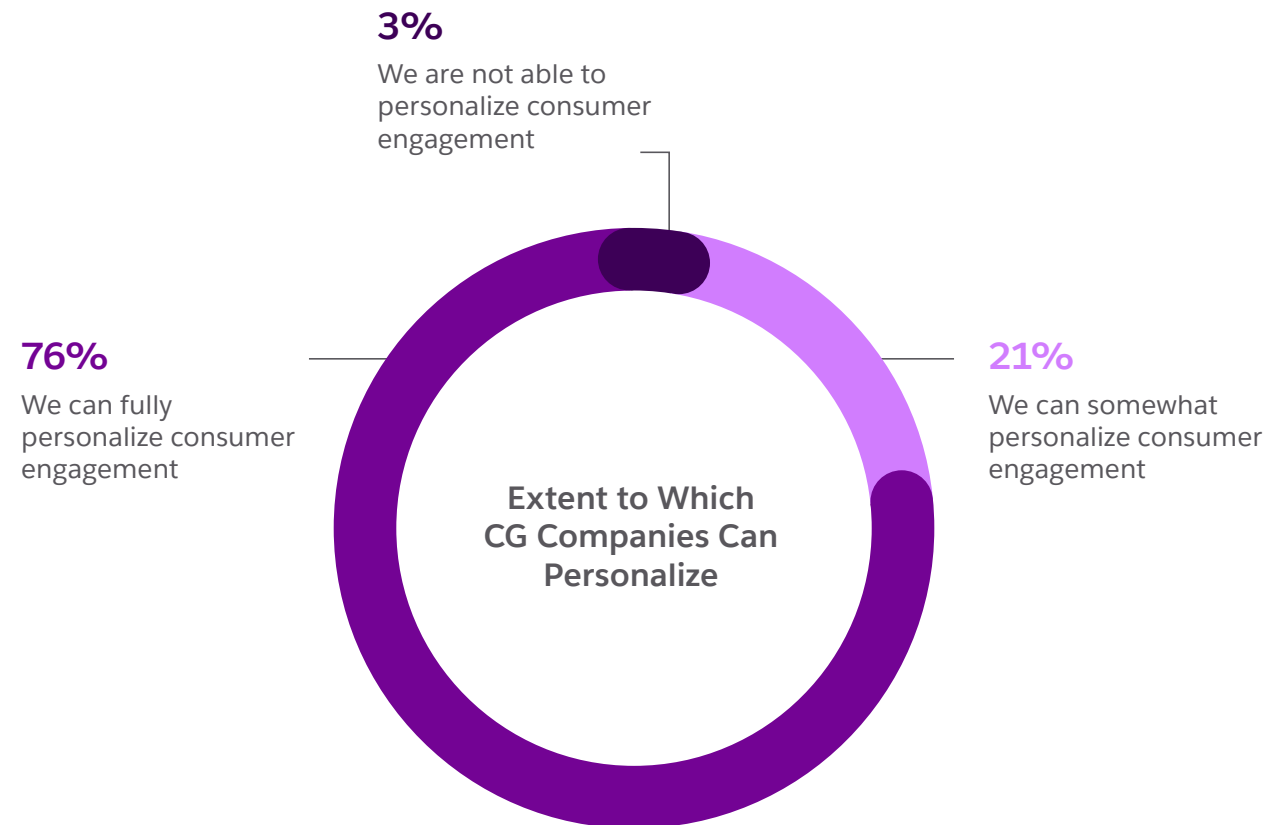
76% of respondents say they can fully personalize consumer engagement across all channels and touchpoints.

With 73% of consumers expecting companies to understand their unique needs and expectations,* CG companies are leaning in to personalization. Here, also, complexity continues to grow, as new data sources, evolving technologies, and changing regulations make personalization a moving target.

This evolving complexity explains why CG companies believe there's more to do. Thirty-five percent of respondents identify marketing personalization as a key opportunity, with another 89% saying their company is investing in personalization more than ever before.

* State of the Connected Customer, Fifth Edition, Salesforce, May 2022.

Most CG Companies Fully Personalize Consumer Engagements



Base: Respondents in s: executive management, corporate strategy, consumer marketing, ecommerce, and customer service roles



Appendix



Country: USA

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Supply chain difficulties
- 2 Raw material costs
- 3 Increased competition
- 4 Changing customer expectations/ behaviors
- 5 Labor costs tied with Uncertain macroeconomic outlook

Top Five Industry Opportunities

- 1 Shift to digital marketing
- 2 Product innovation
- 3 Marketing personalization
- 4 Brand expansion into new product categories
- 5 Improving merchandising and promotion strategy at brick-and-mortar stores

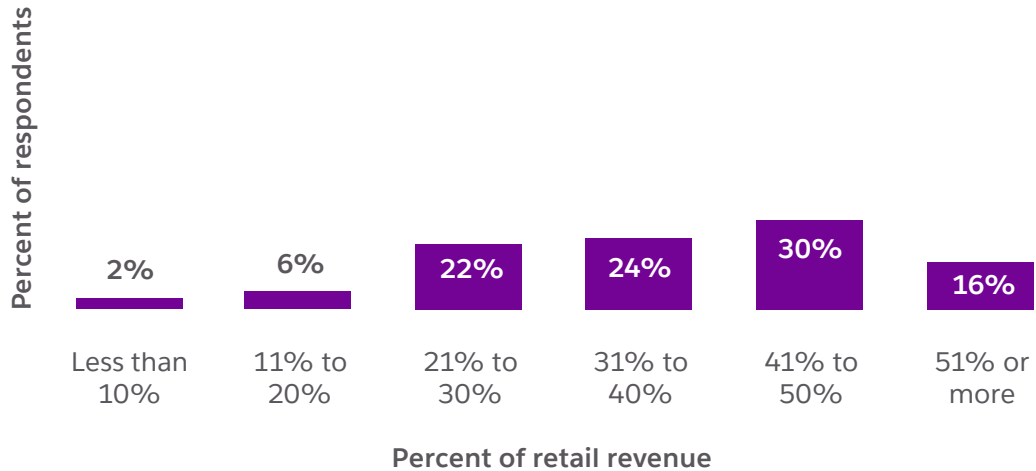
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Social media marketing
- 2 Digital ads (e.g., display, search except for social media)
- 3 Email marketing
- 4 Retailer's websites and apps
- 5 Direct mail/print advertising

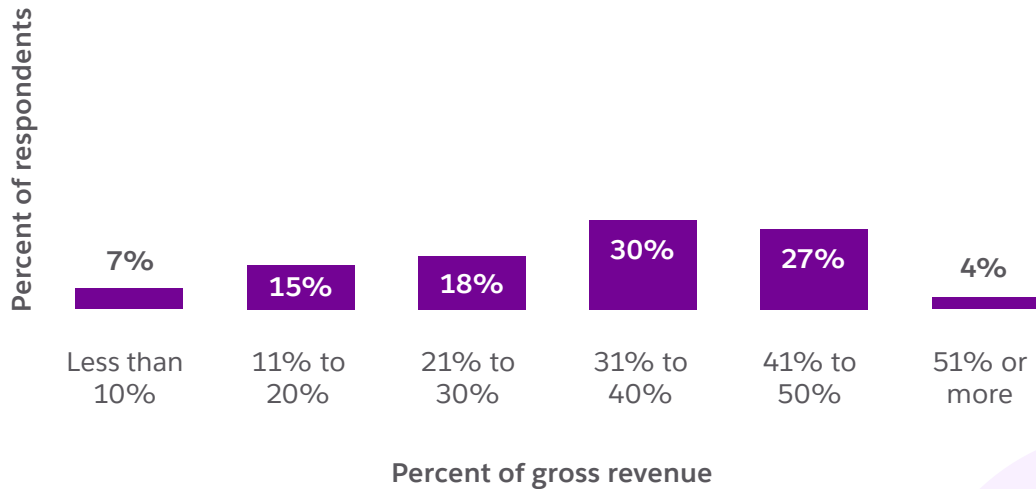
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Country: Canada

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Increased competition
- 2 Labor costs
- 3 Supply chain difficulties
- 4 Raw material costs
- 5 Loss of third-party cookies

Top Five Industry Opportunities

- 1 Product innovation
- 2 Shift to digital marketing *tied with*
Brand expansion into new product categories
- 4 Selling directly to consumers
- 5 Reducing costs

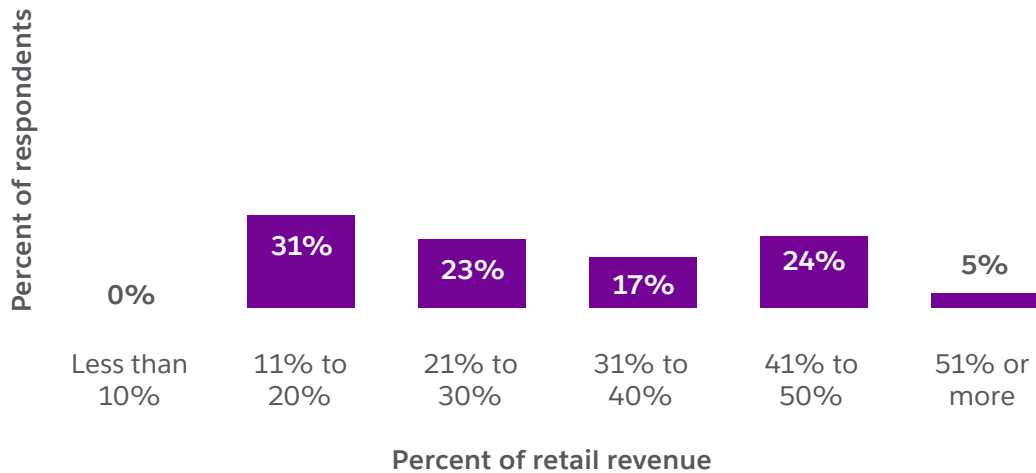
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Social media marketing
- 2 Retailer's websites and apps
- 3 Video (*e.g., on social media, webinars, etc.*)
- 4 Digital ads (*e.g., display, search except for social media*)
- 5 Events and sponsorships

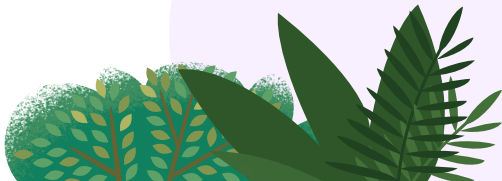
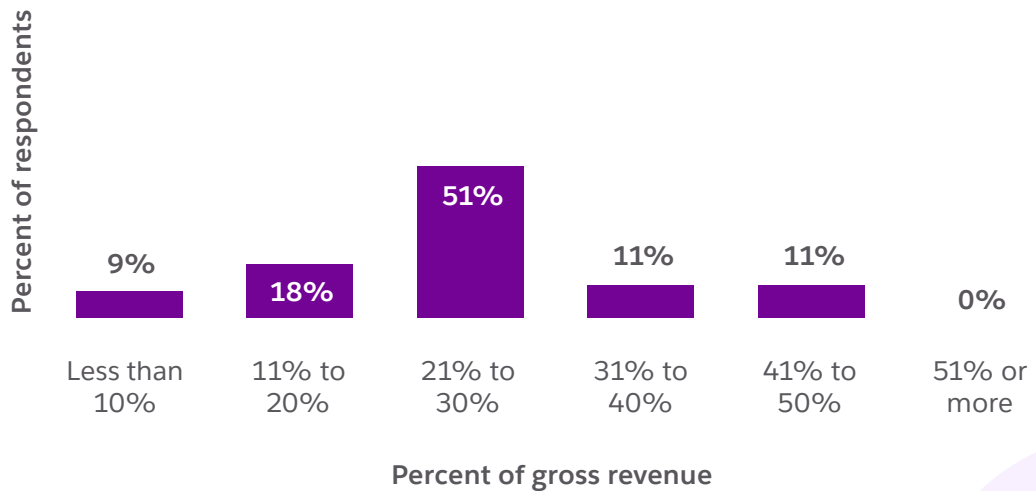
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Country: France

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Increased competition
- 2 Supply chain difficulties tied with Raw material costs
- 4 Labor costs
- 5 Loss of third-party cookies tied with Changing customer expectations/ behaviors

Top Five Industry Opportunities

- 1 Improving merchandising and promotion strategy at brick-and-mortar stores
- 2 Shift to digital marketing tied with Selling directly to consumers
- 4 Product innovation
- 5 Reducing costs

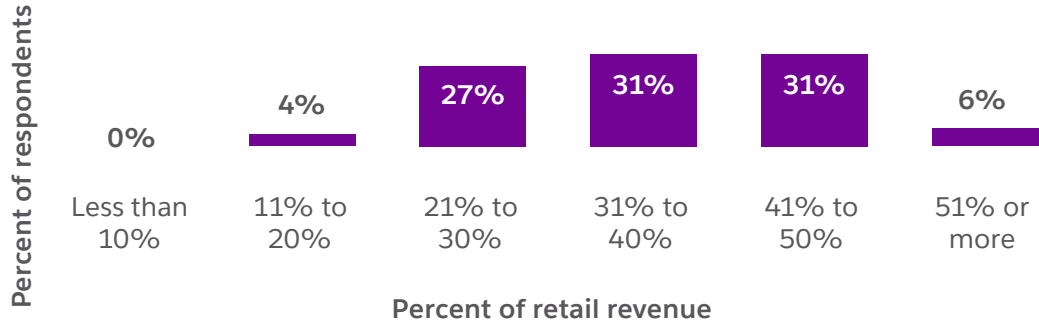
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Social media marketing
- 2 Digital ads (e.g., display, search except for social media)
- 3 Video (e.g., on social media, webinars, etc.)
- 4 Events and sponsorships
- 5 Retailer's websites and apps tied with TV/OTT

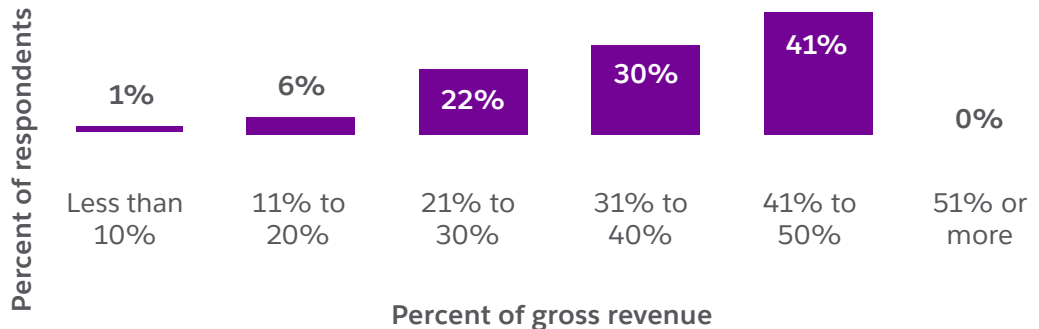
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Country: Germany

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Supply chain difficulties
- 2 Raw material costs
- 3 Increased competition
tied with
Changing customer expectations/
behaviors
- 5 Uncertain macroeconomic outlook

Top Five Industry Opportunities

- 1 Shift to digital marketing
- 2 Brand expansion into new
product categories
- 3 Selling directly to consumers
- 4 Marketing personalization
- 5 Improving merchandising and promotion
strategy at brick-and-mortar stores

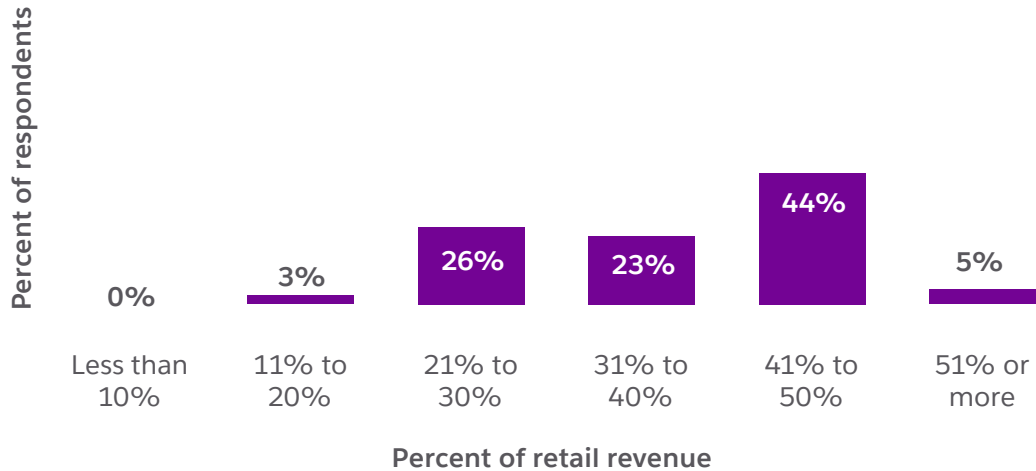
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Retailer's websites and apps
- 2 Social media marketing
- 3 Events and sponsorships
- 4 Video (e.g., on social media, webinars, etc.)
- 5 Direct mail/print advertising
tied with
Digital ads (e.g., display, search except for social media)

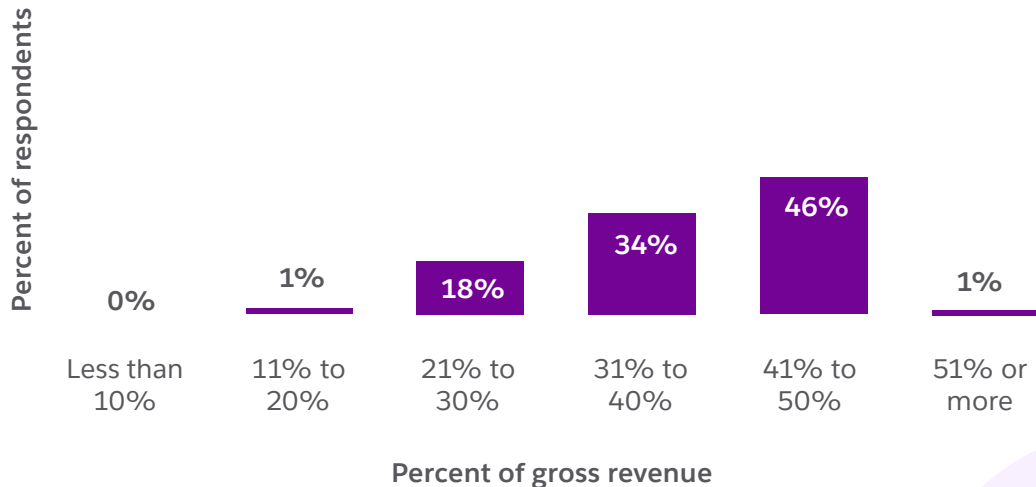
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Country: U.K. and Ireland

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Increased competition
- 2 Supply chain difficulties
- 3 Changing customer expectations/ behaviors
- 4 Raw material costs
- 5 Labor costs

Top Five Industry Opportunities

- 1 Brand expansion into new product categories
- 2 Selling directly to consumers
- 3 Improving merchandising and promotion strategy at brick-and-mortar stores
- 4 Product innovation
- 5 Marketing personalization

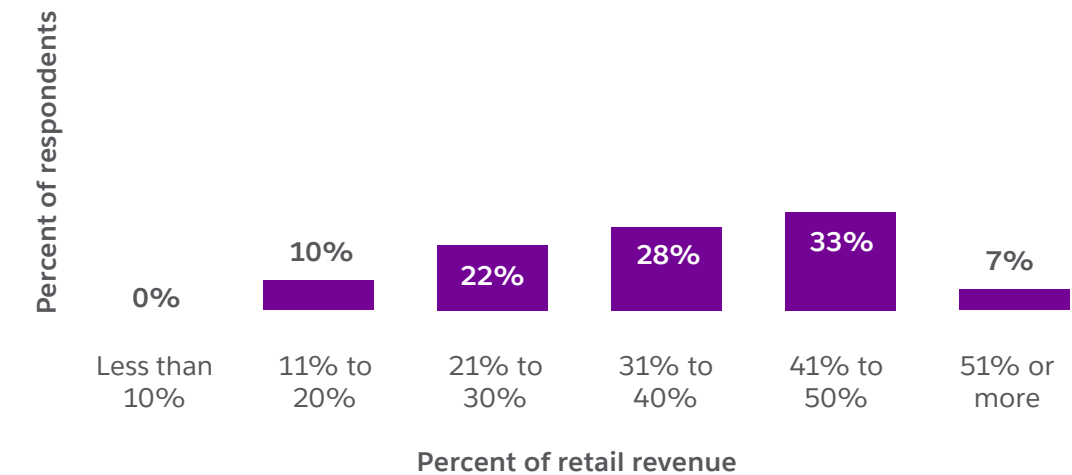
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Social media marketing
- 2 Direct mail/print advertising
- 3 Digital ads (e.g., display, search except for social media)
- 4 Email marketing
- 5 Video (e.g., on social media, webinars, etc.)

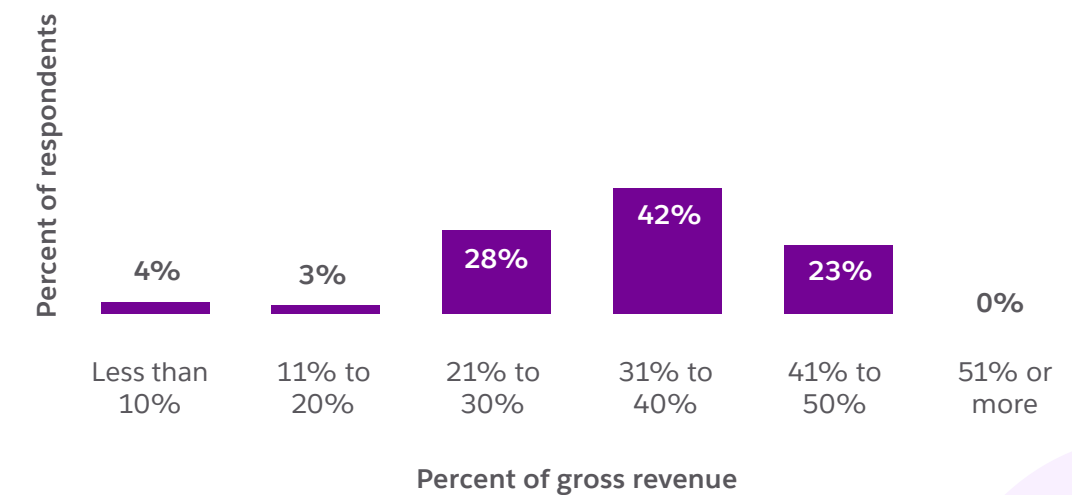
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Country: Australia and New Zealand

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Labor costs
- 2 Supply chain difficulties
- 3 Loss of third-party cookies
- 4 Raw material costs
tied with
Increased competition

Top Five Industry Opportunities

- 1 Selling directly to consumers
- 2 Product innovation
tied with
Marketing personalization
tied with
Improving merchandising and promotion
strategy at brick-and-mortar stores
- 5 Optimizing trade promotion spend

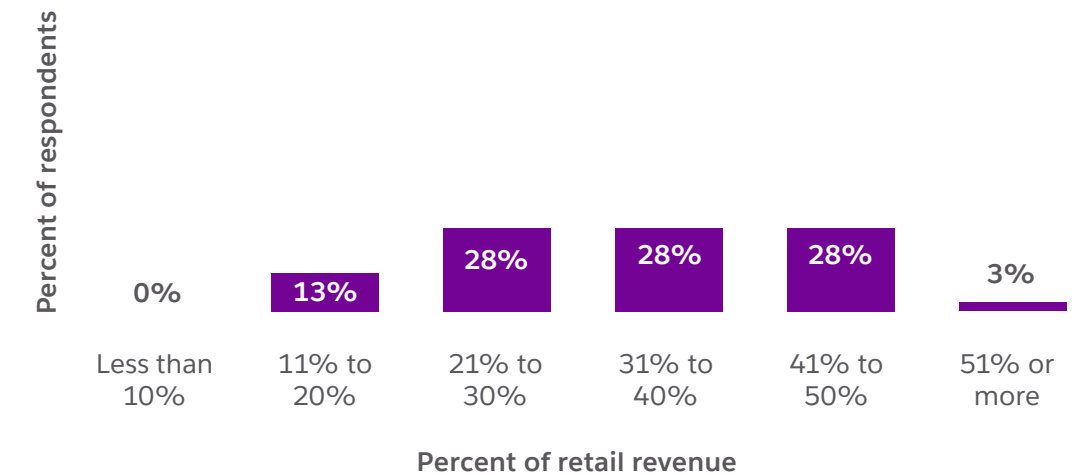
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- 3 Direct mail/print advertising
- 4 Video (*e.g., on social media, webinars, etc.*)
- 5 Events and sponsorships

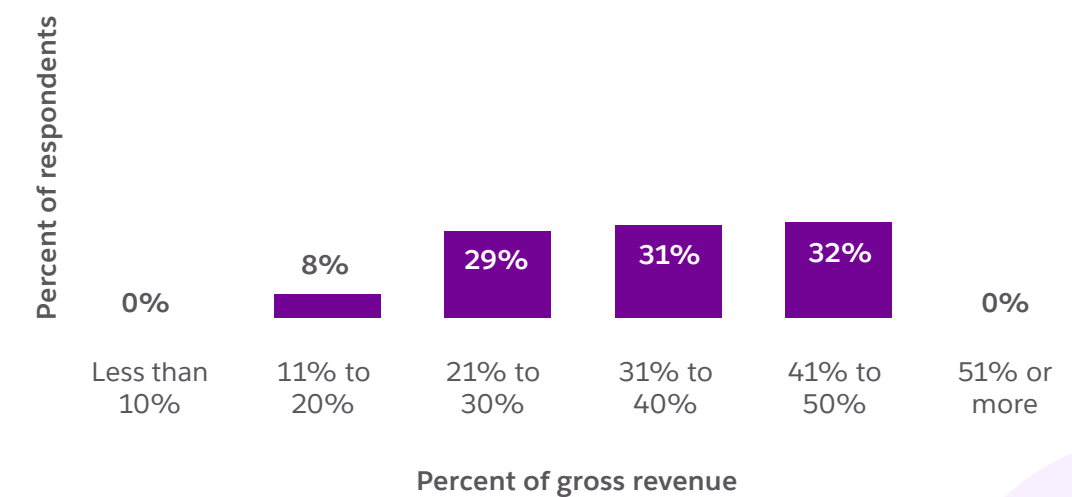
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Country: Japan

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Supply chain difficulties
- 2 Raw material costs
- 3 Increased competition
tied with
Labor costs
- 5 Changing customer expectations/
behaviors

Top Five Industry Opportunities

- 1 Product innovation
- 2 Reducing costs
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- 5 Marketing personalization

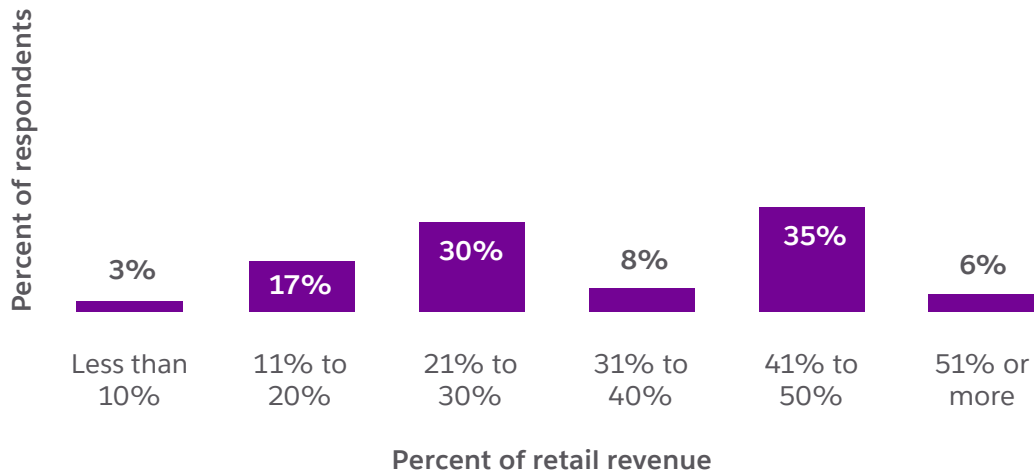
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Digital ads (*e.g., display, search except for social media*)
- 2 Social media marketing
- 3 Digital audio (*e.g., podcasts, streaming audio ads, radio*)
- 4 Email marketing
- 5 Retailer's websites and apps
tied with
Direct mail/print advertising

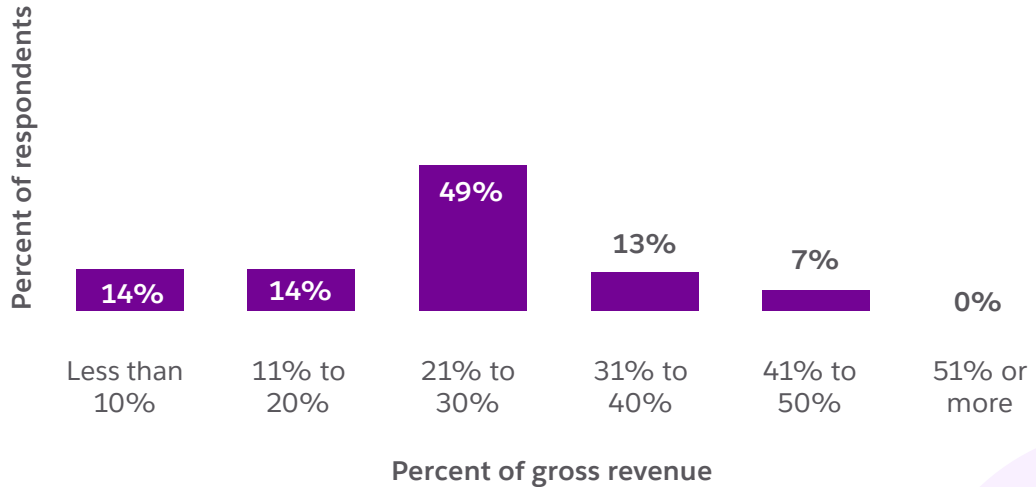
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Sector: Fast-Moving Consumer Goods

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Increased competition
- 2 Supply chain difficulties
- 3 Raw material costs
- 4 Labor costs
- 5 Changing customer expectations/behaviors

Top Five Industry Opportunities

- 1 Product innovation
- 2 Selling directly to consumers
- 3 Reducing costs tied with Improving merchandising and promotion strategy at brick-and-mortar stores
- 4 Shift to digital marketing tied with Brand expansion into new product categories

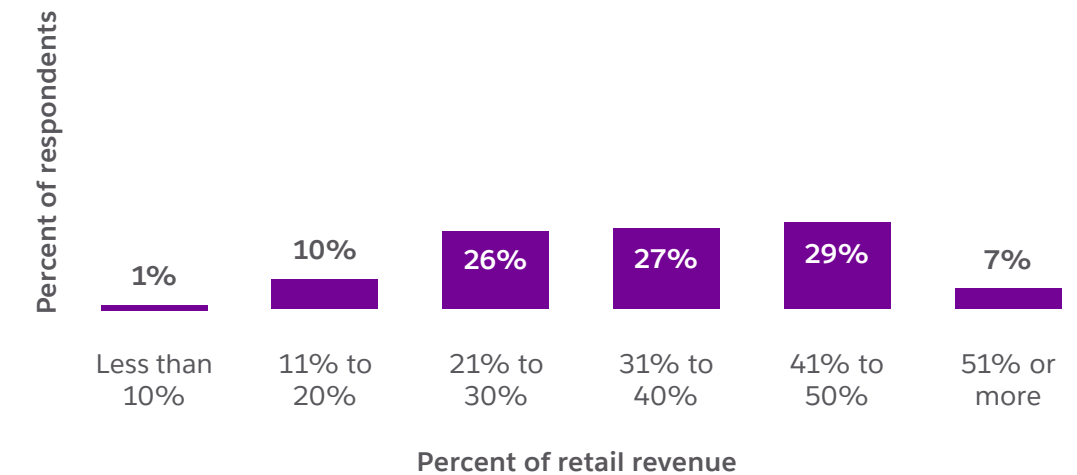
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- 4 Digital ads (e.g., display, search except for social media)
- 5 Events and sponsorships

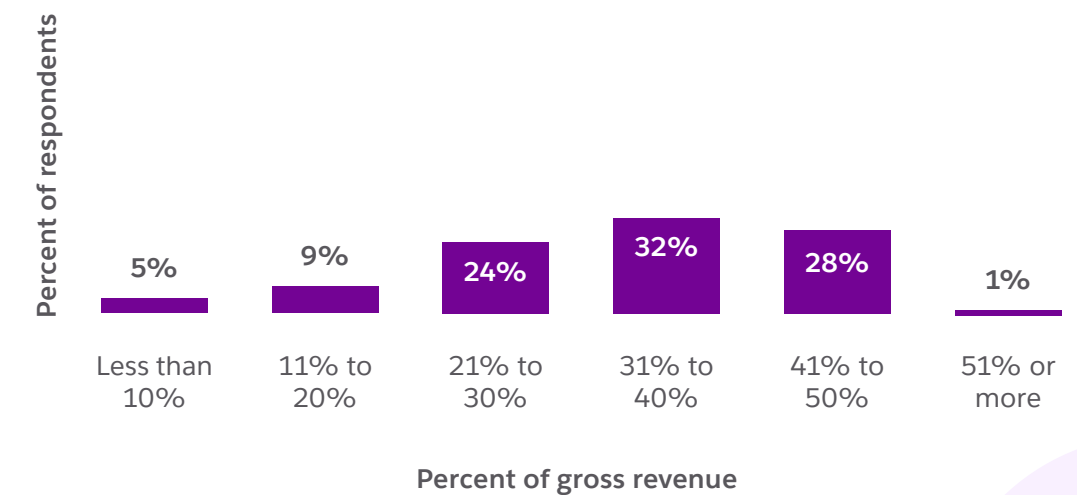
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Sector: Health and Beauty

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Supply chain difficulties
- 2 Increased competition
- 3 Labor costs
- 4 Raw material costs tied with Changing customer expectations/behaviors

Top Five Industry Opportunities

- 1 Improving merchandising and promotion strategy at brick-and-mortar stores
- 2 Shift to digital marketing
- 3 Product innovation
- 4 Selling directly to consumers
- 5 Brand expansion into new product categories

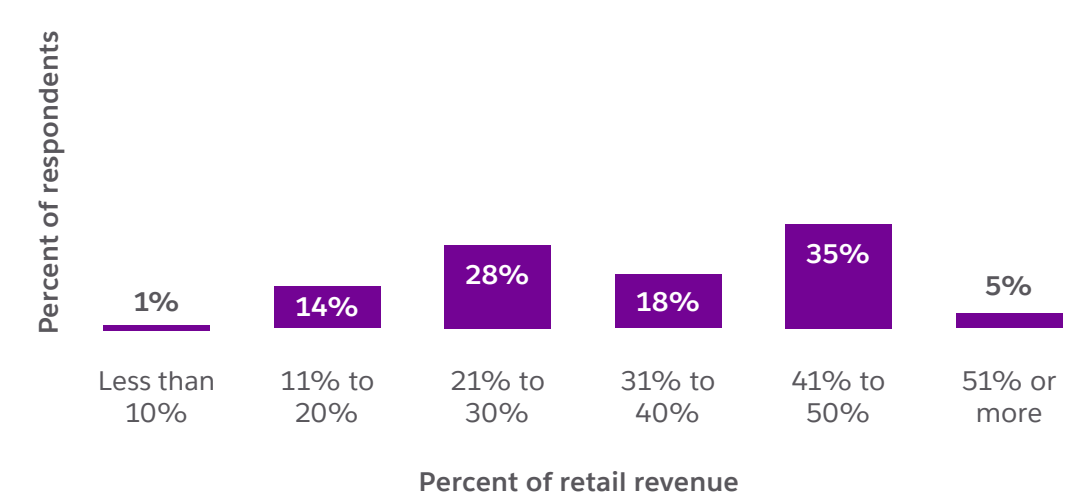
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Social media marketing
- 2 Digital ads (*e.g., display, search except for social media*)
- 3 Direct mail/print advertising
- 4 Email marketing
- 5 Mobile messaging (*e.g., SMS, push, group messaging*)

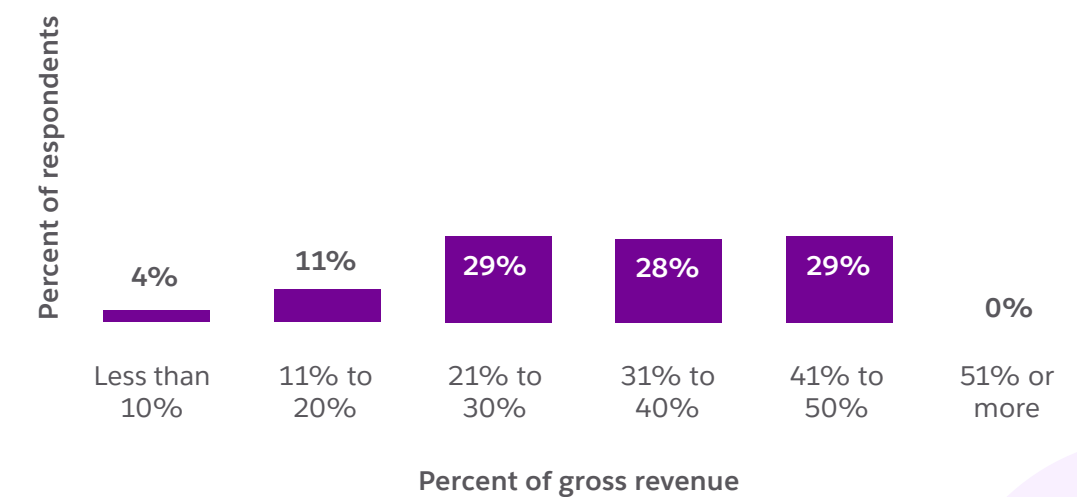
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Sector: Home Durables

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Increased competition
- 2 Raw material costs
- 3 Supply chain difficulties
- 4 Labor costs
- 5 Uncertain macroeconomic outlook

Top Five Industry Opportunities

- 1 Shift to digital marketing *tied with*
Selling directly to consumers
- 3 Product innovation
- 4 Brand expansion into new product categories
- 5 Improving merchandising and promotion strategy at brick-and-mortar stores

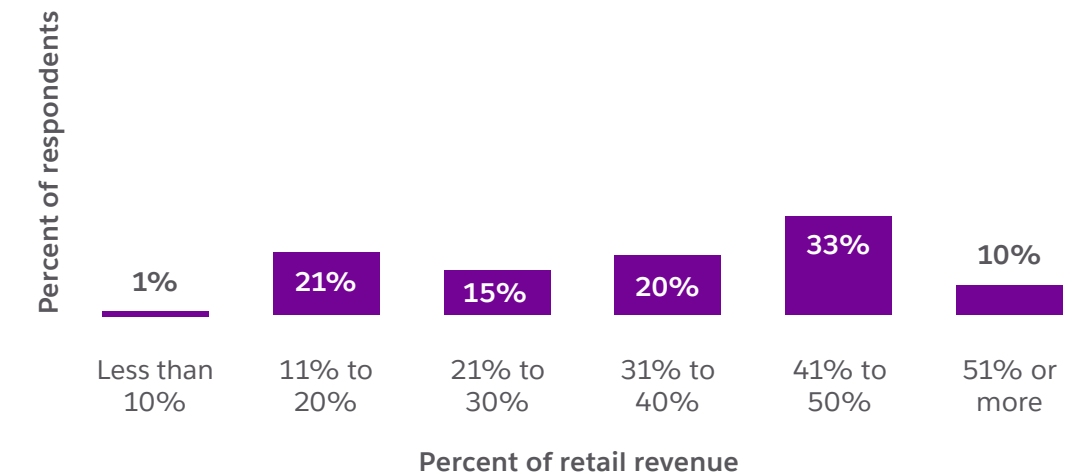
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Social media marketing
- 2 Digital ads (*e.g., display, search except for social media*)
- 3 Digital audio (*e.g., podcasts, streaming audio ads, radio*)
- 4 Email marketing
- 5 Direct mail/print advertising

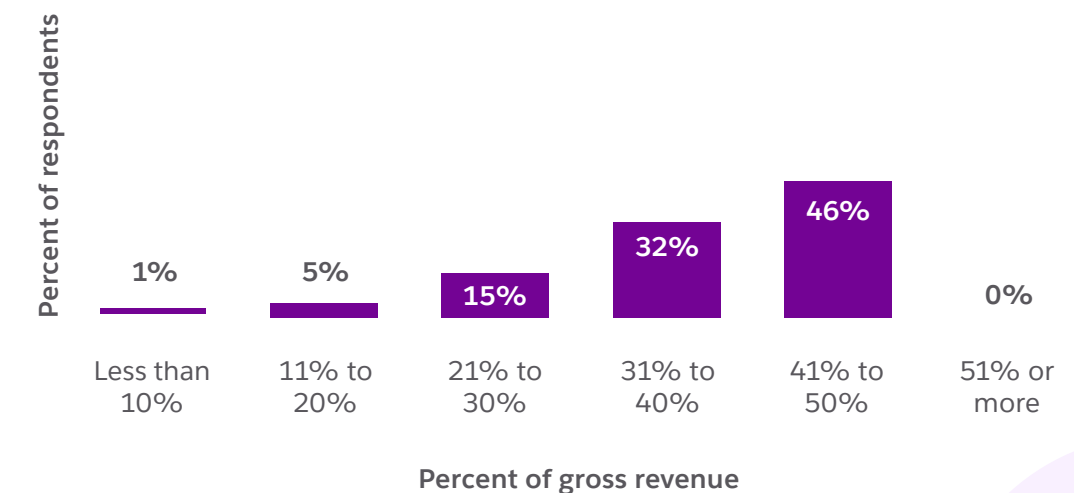
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Sector: Apparel, Accessories or Footwear

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Supply chain difficulties
- 2 Increased competition
- 3 Labor costs
- 4 Raw material costs
- 5 Changing customer expectations/ behaviors

Top Five Industry Opportunities

- 1 Marketing personalization
- 2 Selling directly to consumers
- 3 Product innovation
- 4 Improving merchandising and promotion strategy at brick-and-mortar stores
- 5 Shift to digital marketing tied with Brand expansion into new product categories

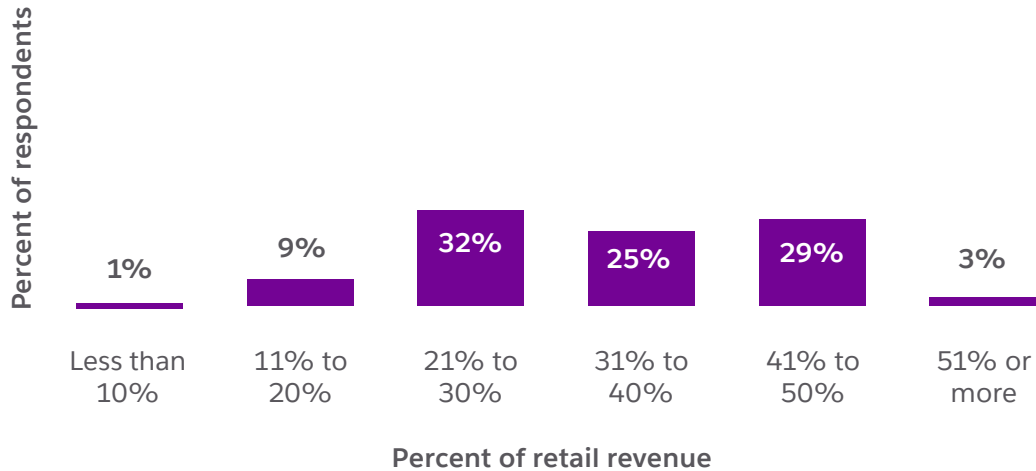
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Social media marketing
- 2 Retailer's websites and apps
- 3 Direct mail/print advertising
- 4 Digital ads (e.g., display, search except for social media)
- 5 Video (e.g., on social media, webinars, etc.)

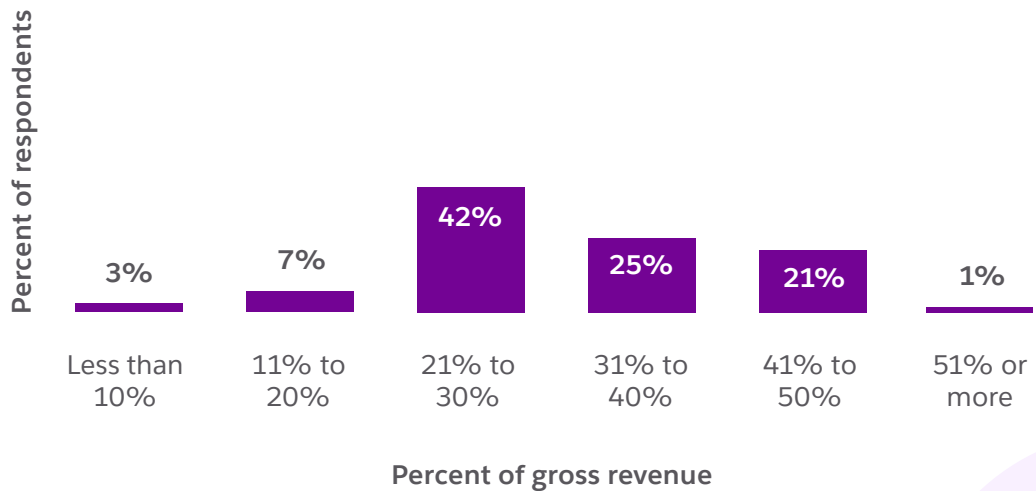
DTC Comprises a Significant Portion of Revenue

Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Sector: Alcohol and Tobacco

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Supply chain difficulties
- 2 Uncertain macroeconomic outlook
- 3 Labor costs
- 4 Increased competition
- 5 Loss of third-party cookies

Top Five Industry Opportunities

- 1 Shift to digital marketing
- 2 Marketing personalization
- 3 Brand expansion into new product categories
- 4 Reducing costs
- 5 Selling directly to consumers

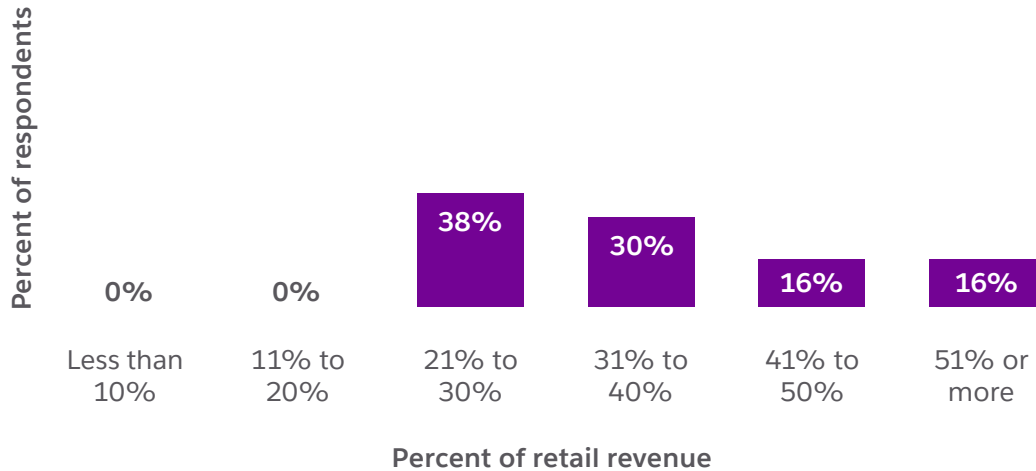
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Email marketing
- 2 Retailer's websites and apps
- 3 Social media marketing
- 4 Mobile messaging (e.g., SMS, push, group messaging)
- 5 Direct mail/print advertising tied with Digital ads (e.g., display, search except for social media) tied with Digital audio (e.g., podcasts, streaming audio ads, radio)

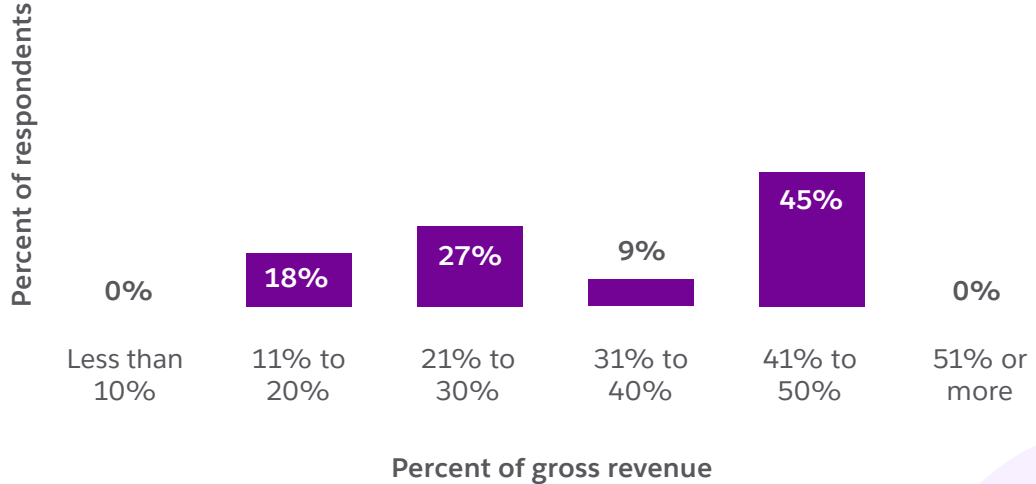
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Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Sector: Direct Selling

Top Challenges and Opportunities

Top Five Industry Challenges

- 1 Uncertain macroeconomic outlook
- 2 Changing customer expectations/ behaviors
- 3 Increased competition
- 4 Supply chain difficulties tied with Loss of third-party cookies

Top Five Industry Opportunities

- 1 Shift to digital marketing
- 2 Brand expansion into new product categories
- 3 Product innovation
- 4 Optimizing trade promotion spend
- 5 Reducing costs

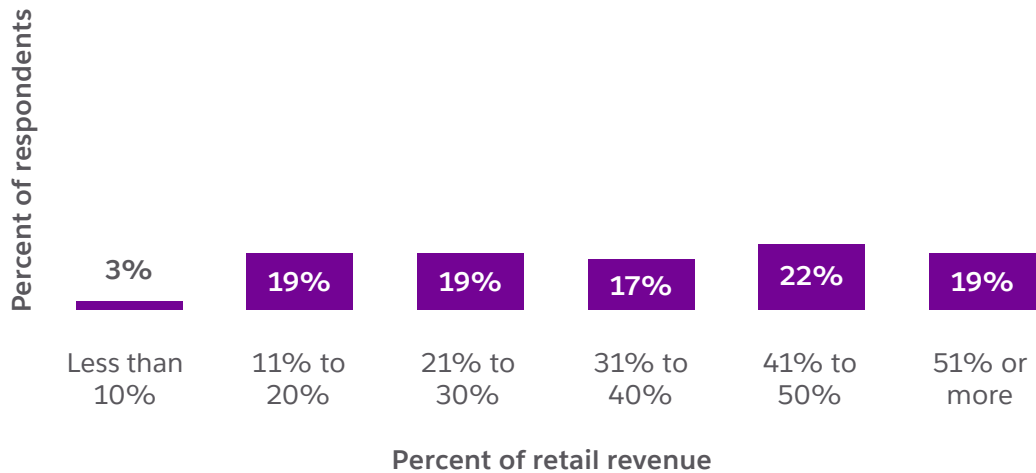
Shift to Digital Marketing

Top Five Marketing Channels with Increased Investment Plans

- 1 Email marketing tied with Social media marketing
- 3 Retailer's websites and apps tied with Digital ads (e.g., display, search except for social media)
- 5 Events and sponsorships tied with Video (e.g., on social media, webinars, etc.)

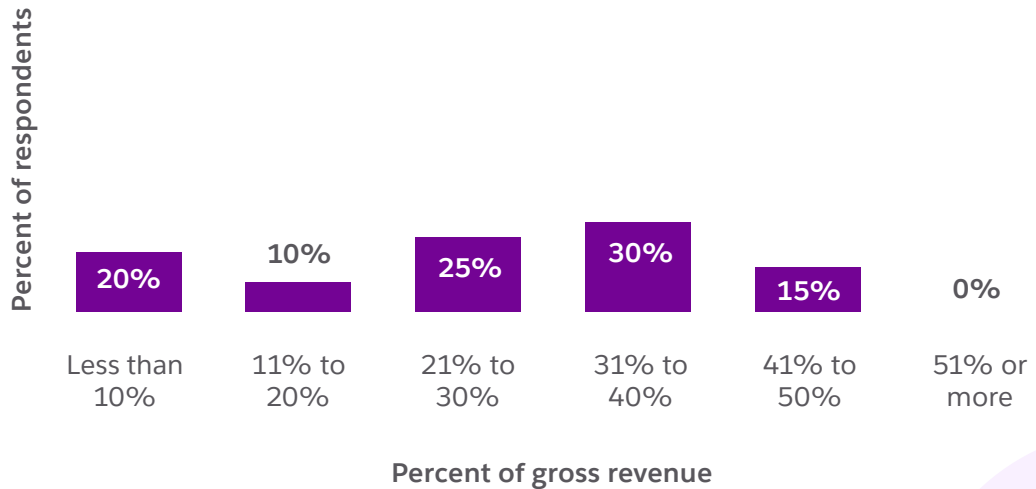
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Estimated Share of Retail Revenue from Direct-to-Consumer Channels



Trade Promotion Spending Key to Store Success

% of Gross Revenue Spent on Trade Promotion



Survey Demographics



Survey Demographics

Country

USA	19%
Canada	13%
U.K./Ireland.	14%
France	13%
Australia/New Zealand	13%
Germany	13%
Japan	13%

Industry Segment

Fast-moving consumer goods	23%
Health and beauty	23%
Home durables.....	23%
Apparel, accessories, or footwear.....	23%
Alcohol and tobacco	3%
Direct selling	3%

Department

Executive management.....	6%
Corporate strategy	11%
Consumer marketing	13%
Sales and account management	8%
Ecommerce	23%
Customer service.....	3%
Field sales.....	2%
Trade marketing.....	27%
Operations	8%

Annual Revenue

Less than \$1 million	1%
\$1 million to less than \$10 million	1%
\$10 million to less than \$25 million	6%
\$25 million to less than \$50 million.....	8%
\$50 million to less than \$100 million....	31%
\$100 million to less than \$500 million .	30%
\$500 million to less than \$1 billion	14%
\$1 billion or more	9%



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